

The
James Madison
Council of the
Library of
Congress

Annual Report
2005

Madison Council
Bulletin
Spring 2006

The James Madison Council
of the Library of Congress

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The *Madison Council Bulletin* is a publication of the
James Madison Council of the Library of Congress

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Madison Council Bulletin	2-18
Letter from the Librarian	2
Letter from the Chairman	3
Library of Congress Acquires 1896 Minerva Oil Painting	4
Thomas Hampson "Song of America" Concert Tour Continues Educational Outreach	6
First Printed Japanese Atlas Added to Library of Congress Collection	8
Fall 2005 Madison Council Meeting	10
Junior Fellows to Continue Archiving the Library's Uncataloged Gems	12
6th Annual National Book Festival	13
2005 National Book Festival Gala	14
A Warm Welcome to New Members	16
In Memoriam — Alan M. Voorhees	18
Madison Council Annual Report	19-28

I am pleased to welcome Ed Cox, a key member of the Madison Council since its inception sixteen years ago, as the new Council chairman. Ed has been a champion of the nation's library and an energizing force within the Council. He has been its vice-chairman, and I welcome his leadership as the Library moves forward to face new challenges and opportunities.

I also express, on behalf of the Council and the Library, our deepest gratitude to John Kluge, our Chairman Emeritus. His peerless vision and his generosity to the nation's library have been the driving forces behind so many of the Library's efforts to share our remarkable resources with people across and beyond our country. We look forward to his continued involvement and wise counsel.



Library administrators are now putting the finishing touches on our landmark initiative, making the Library of Congress one of the leading destinations for visitors to the nation's capital. The opening of the concourse connecting the Capitol Visitors Center to the Library of Congress will dramatically increase the number of visitors to our magnificent Thomas Jefferson Building. We are creating *The 2007 Visitor Experience: Bringing Knowledge into Life*, a magical new visitor experience worthy of this opportunity.

Letter from the Librarian

I am grateful for the generosity of Ed Cox, Chuck Durham, Dick Fredericks, Raja Sidawi, Ray Smith, and Bea Welters for providing the seed money for the initial planning for the Jefferson Building transformation. Through the generous gift of John Kluge — with substantial pledges from Jay Kislak, Nancy Glanville Jewell, and Glenn Jones — this project is well underway. I look forward with great anticipation to unveiling the plans at the spring meeting.

Since our last meeting, the Song of America tour has visited eight cities. This critically acclaimed program has been made possible through liberal gifts from John Kluge and Peter Cummings, as well as support for local venues from Council members Jamey Clement and James Elkins in Fort Worth, John Medveckis and Gerry Lenfest in Philadelphia, Linda and Jack Hoeschler in St. Paul, Fred Krimendahl and Elihu and Susan Rose in New York, Julie and Roger Baskes in Chicago, and Walter Scott and Chuck Durham in Omaha.

Thanks to the support of Council members, the Library is successfully reaching new audiences around the nation, sharing the breadth and depth of the Library's collections of musical scores and recordings, exhibiting seldom-seen musical treasures, conducting teacher institutes, showing select films restored by the Library, expanding participation in the Veterans History Project, and much more. I am glad that so many Council members have been able to join us for this tour.

John and Teresa Amend have provided major support once again for another of the Library's highly successful educational outreach initiatives — the National Book Festival. I look forward to the sixth celebration of books and reading, scheduled for September 30, 2006. I am honored that First Lady Laura Bush will once again co-host the festival, and I hope you will make plans to join us.

I thank Council members Caroline Rose Hunt, Lloyd Cotsen, Tom and Kay Martin, Marjorie M. Fisher, and Buffy Cafritz for the special gifts they gave in support of other key Library initiatives.

It is with sadness that I note the passing of Alan Voorhees, our good friend and longtime Council member. A benefactor of the Library's Geography and Map Division, Alan, for more than a decade, actively supported the work of the Council.

I am happy to welcome several new members to the Madison Council: Francois Castaing, Aubrey McClendon, Marshall and Dee Ann Payne, Margot Perot, and David Rubenstein. You will find brief biographies on pages 16-17 of the *Bulletin*. Please join me in welcoming them to this esteemed group.

We continue to appreciate all that Council members do to help Americans and a rapidly growing international audience view the nation's library as their own personal source of knowledge and inspiration.

A handwritten signature in black ink that reads "James H. Billington". The signature is written in a cursive, flowing style.



Letter from
the Chairman

I am honored to chair this remarkable group of public-minded citizens who for more than fifteen years have helped make the vast resources of the nation's library more accessible to the American people and the world. The success of the more than 300 projects and activities that Council members have helped make possible during this time attests to the synergy that results when the knowledge, talents and assets of the private sector are merged with the resources of a remarkable public institution under a visionary leader.

During 2005, the Madison Council continued to provide substantial support for a number of Library initiatives. Our audited financial statement is presented in the final section of this publication, but I would like to share a few highlights with you. Giving from Madison Council members totaled \$8.8 million, bringing the total support from 1990 to \$167.80 million. The Council's financial health remains strong as witnessed by the twelfth consecutive unqualified favorable opinion. Thanks to treasurer Leonard Silverstein for his wise counsel and Library staff for their careful management of the Council's finances.

Many thanks for your invaluable role as friends, counselors and supporters of the nation's library. I look forward to working with you in the coming years to help the Library become an ever more vital institution to the nation and the world.

A handwritten signature in black ink, appearing to read 'Edwin L. Cox'.

Edwin L. Cox
Chairman

Library of Congress Acquires 1896 Minerva Oil Painting



In December 2005, the Library of Congress acquired at auction a remarkable new treasure, an 1896 oil painting depicting the head and shoulders of a woman in antique costume, the rays of the sun spreading dramatically behind her. It was an unusual—even daring—acquisition, since paintings typically are out of scope for the Library’s collections. Plus, the handsome picture had been offered for sale at a highly competitive New York venue: Christie’s December American Painting auction.

Although previously unknown to scholars, the four-foot-high, finished oil painting, signed and dated by American painter Elihu Vedder (1836–1923) was one of two final models for the Thomas Jefferson Building’s most famous mosaic composition—the symbolic portrait of the goddess Minerva, designed by Vedder in 1896. For over a century, the monumental mosaic depicting the Classical protector of civilization and learning has graced the staircase leading to the visitors’ gallery overlooking the Main Reading Room.

The painting is a rare example of a finished work of art prepared for translation into a different medium. Seen from close up, a network of faint pencil lines is visible on the painted face and elements of the costume. Vedder had drawn this delicate, almost imperceptible pattern in his studio in Rome so that the artisans in Venice who actually fabricated the mosaic could use the painting as a guide to replicate the color and modeling of the face and clothing with tiny colored squares of glass and stone known as *tesserae*. (The painted head is the same size as that in the mosaic.) The other extant oil study for Minerva is a five-foot-high painting in the collection of the J.B. Speed Museum in Louisville, Kentucky, that depicts the goddess standing with her iconographic attributes. (The Library also owns a pastel sketch of this composition—the artist’s first complete formulation of his final design.)

The Library first learned about the picture's existence in mid-November when an online patron from Long Island submitted a digital reference question: did specialists know the present whereabouts of a Vedder-designed stained glass window? In response, reference librarian Kathy Woodrell consulted one of the Library's new electronic subscription databases, ArtFact, that displays digital images of artworks, often harvested from past and forthcoming auction catalogs. Among the images by Vedder displayed on screen, she recognized the head and shoulders of the Library's Minerva, downloaded the digital file, and emailed it to curators in the Prints and Photographs Division. They enthusiastically endorsed its acquisition.

However, obtaining appropriate levels of management approval to bid for items at auction using federal funds is often time-consuming, and the fact that the sale was barely two weeks off and the Thanksgiving Day holiday was looming made the prospect of gaining authorization almost futile.

Christie's pre-sale estimate for the picture, clearly identified as related to the Minerva mosaic, was \$35,000 to \$50,000. While curators in the Prints and Photographs Division expected the final hammer price to be much higher, they were nonetheless convinced there was an outside chance of success: pictures related to public art projects are not always that popular. After reviewing the balance of their appropriated acquisition funds and prior commitments for purchases, curators and the division chief finally settled on an upper limit to recommend — \$50,000. But that amount had to include the 20 percent buyer's premium levied by the auction house, the agent's bidding fee, and shipping costs. Given such necessary reductions in buying power, the acquisition attempt seemed a lost cause, especially as time was now running out to complete all the paperwork.

It was determined that sufficient funds were indeed available in the Edwin L. Cox American Legacy Endowment — a magnificent source for acquiring treasures of Americana when money is short and deadlines are tight.

Within hours, the completed paperwork was in the hands of the Library's Anglo-North American Acquisitions department, and by mid-afternoon its staff had set things in motion in New York to authorize the bid the next day.

On Friday morning, the news came in. The Library's agent called to say that he had been successful — the painting had been hammered down at a price of only \$24,000, well within the allotted budget! While much is yet to be learned about the picture's history and context, from initial research it is clear that there is an interesting and informative story to be told — one that will become the basis of a scholarly article. But an important part of the narrative is the essential role played by the Madison Council. Without members' extraordinary and ongoing support for adding treasures of American creativity to the Library's special collections, the nation's patrimony would be greatly diminished. Library specialists remain forever thankful for such resources as the American Legacy Endowment and the perspicacity and commitment of both Council members and Library leaders in ensuring the growth of our legacy collections — the treasures of American genius and imagination that will inspire and enrich future audiences, especially after the Capitol Visitor Center opens next year.



Thomas Hampson “Song of America” Concert Tour Continues Educational Outreach

Through their generous support and hospitality, Madison Council members are making possible an unprecedented eleven-city “Song of America” tour featuring concerts by baritone Thomas Hampson and a host of educational programs led by James Billington and Library of Congress staff.

This educational outreach initiative and concert tour, made possible through the generosity of John Kluge and Peter Cummings, is proving to be a valuable awareness campaign by bringing to the four corners and the heartland of our nation the rarely seen and priceless musical treasures of the nation and a broad spectrum of educational initiatives. The Library has also received an enormous benefit by the additional funding of local hospitality events, designed to welcome formally Dr. and Mrs. Billington, Thomas Hampson, the Library’s musical collections, and the educational and curatorial teams to the host city.

We would like to acknowledge the generosity of our local hosts, including former Library of Congress Trust Fund Board member Adele Hall in Kansas City, and Madison Council members Jamey Clement and James Elkins in Fort Worth, John Medveckis in Philadelphia, Linda and Jack Hoeschler in St. Paul, Fred Krimendahl and Elihu and Susan Rose in New York, Peter Cummings in Detroit, John Kluge in Palm Beach, Julie and Roger Baskes in Chicago, and Walter Scott and Charles Durham in Omaha.

Left, clockwise from top:

Student Jesse Morman and Thomas Hampson
Craig Rutenberg, Dr. Billington, Thomas Hampson,
Sen. Kay Bailey Hutchison, Marjorie Billington, Van Cliburn
Dr. Billington presenting panoramic map of Philadelphia to
John Medveckis
Sen. Kay Bailey Hutchison and Van Cliburn
John Medveckis with Gen. and Mrs. Julius Becton
Don Scott and Thomas Hampson
John Medveckis, Marjorie Billington, Andre and Diane Duggin,
and Dr. Billington
Mervon Mehta, Ellie Dehn, Elliott Madore, Thomas Hampson,
Chana Crawford, Eric Dubin, Dr. Billington, and Jesse Morman

Each concert features songs by American composers, from well-known favorites by Stephen Foster to little-known gems by Aaron Copland, Samuel Barber, Charles Ives, and Harry Burleigh. Additional programs include master classes with students; screenings of films restored by the Library of Congress; a preservation workshop with a team of Library specialists showing people how to preserve their own mementos; public viewings of musical treasures from the Library; and day-long teacher institutes that train local educators in how to use the Library’s online collections to encourage critical thinking skills and generate lesson ideas. Poet Laureate Ted Kooser will appear at two venues — West Palm Beach and Omaha — to give poetry readings and workshops.

The tour has received critical and public accolades from its stops in Ft. Worth, Kansas City, Minneapolis, Philadelphia, and New York City. The remaining venues, at the time of this printing, include West Palm Beach, Oxford, Mississippi, Chicago, Omaha, and San Jose.

“Song of America” Concert Tour Schedule

May 28, 2006 — Chicago, Illinois

Orchestra Hall

May 30, 2006 — Omaha, Nebraska

Holland Performing Arts Center, Concert Hall

June 3, 2006 — San Jose, California

Fox Theatre

First Printed Japanese Atlas Added to Library of Congress Collection



Above: Area of Kyūshū Island centered on Nagasaki
On opposite page: Areas of Honshū Island north
and east of Osaka

In February, the Library of Congress, through the generosity of Madison Council member Lloyd Cotsen, acquired *Nihon bunkei zu*—the first Japanese atlas. The atlas measures 6 x 4.75 inches and contains text in eight columns per page. The maps (woodblock) are in original hand color on unnumbered leaves, followed by numbered folios with text describing routes on the maps. This copy is very sturdy and well preserved.

This is a superb copy of the first edition of the first atlas of Japan published in Japan, and in fact, “*the first atlas [of any kind] published in Japan.*” (Matsutaro) The atlas’s sixteen provincial maps are all drawn on the same scale, so that even though there is not a general map of Japan in the atlas, these sectional maps could conceivably be assembled into a map of all of Japan. “*These maps are thought to be derived from sections of the government’s official map. Contours of the land are rendered with considerable accuracy and rivers, roads and sea lanes are given in detail.*” (Matsutaro) The official map referred to above was a large manuscript work authorized by the national government, and it is thought to have been completed in 1639. The text of the atlas gives figures for rice production of each province, distances between various points by land and sea, and other information.

The last two lines in the atlas give the date of publication as the eighth lunar month of 1666. This atlas strengthens the collections of both the Library’s Asian Division and its Geography and Map Division. It enhances our understanding of Japanese geographic knowledge and the independence and self-sufficiency of traditional Japanese cartography in the Edo period.

Matsutaro, N., et al., *Old Maps in Japan*, Plate 28, p. 185



Fall 2005
Madison Council
Meeting



All captions from top down:
Dennis Shapiro, John Medveckis, and Don Scott
Jo Ann Jenkins
Ed Miller and Marjorie Fisher
Peter Cummings and Leonard Silverstein

Peter Cummings and Kay Martin
Ed Cox and Dr. Billington
Ray Smith and Elihu Rose
Mike Yanney, Don Scott, Dr. Billington, and
Stephen Perry



Mike Yanney and Bea Welters
Joyce Miller and Peter Cummings
Gay Gaines and John Amend
Bea Welters

Ed Cox
Dr. Billington and Stephen Perry
Bud Smith, Don Scott, and Teresa and
John Amend
Tom and Kay Martin and Ed Cox

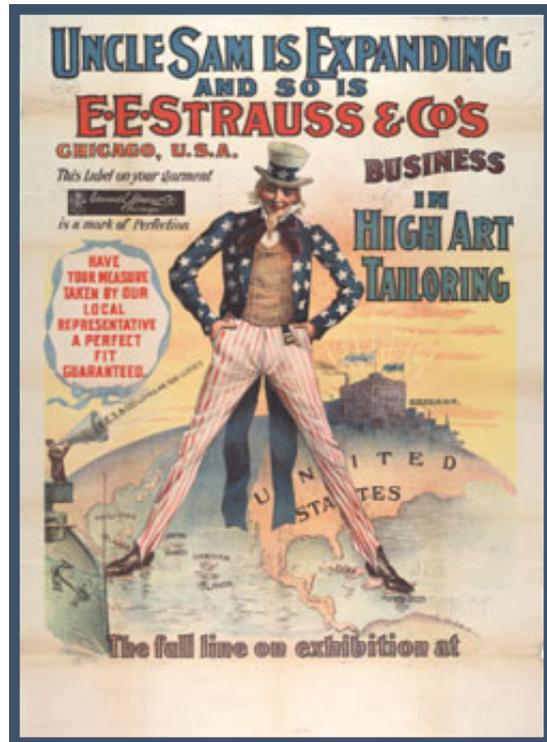
Fred Krimendahl and Tom Martin
George Jewell, John Medveckis, and
Joan Wegner
Leonard Silverstein
Ray Smith, Leonard Silverstein, Coley Clark,
and Nancy Cain Marcus

Junior Fellows to Continue Archiving the Library’s Uncataloged Gems

Through the generosity of the late Mrs. Jefferson Patterson, who was a founding member of the Madison Council, the Library of Congress will offer the Junior Fellows Summer Internships this summer. This highly beneficial program is an extension of the Library’s Junior Fellows Program she funded.

The Library of Congress, home of the U.S. Copyright Office, is offering special ten-week summer internships to college students who will work full-time, starting on June 5 and ending on August 11, to help locate and itemize uncataloged materials submitted to the office as part of the copyright registration process. The previous summer interns identified hundreds of literary, artistic, film, and musical gems among the Library’s copyright deposits.

The interns will be exposed to a broad spectrum of library work: preservation, reference, access standards, information management, and the U.S. copyright system. Working closely with Library staff and curators, they will be given the task of delving deeply into key parts of the Library’s unparalleled nonbook collections, producing an inventory, and identifying literary, artistic, and musical examples of past American creativity. The Library of Congress, through its U.S. Copyright Office, has served as the national registry for creative works since 1870. During the past 135 years, nearly thirty-two million works of authorship — most of which represent forms of creativity that are uniquely American — have been registered for copyright protection.



This rare late-19th-century advertising poster was copyrighted by Edward E. Strauss & Co. of Chicago, Ill., on December 30, 1898. It was discovered in 2005 by two Junior Fellows Summer Interns in a box of copyright registration applications. After receiving preservation treatment in the Library’s Conservation Division, it was then transferred to the Prints and Photographs Division.



6th National Book Festival Scheduled for September 30, 2006

The 2006 National Book Festival, organized and sponsored by the Library of Congress and hosted by First Lady Laura Bush, will be held on Saturday, September 30.

Once again, the festival will occupy the National Mall between 7th and 14th streets and will run from 10 a.m. to 5 p.m., rain or shine.

“Now in its sixth year, the Library’s book festival is a national tradition with book lovers from around the country,” said Librarian of Congress James H. Billington. “This year’s festival promises to offer an even greater representation of the nation’s rich creativity.”

The 2005 festival attracted seventy-nine award-winning authors, illustrators, and poets, and a crowd of more than 100,000. Pavilions at the 2006 National Book Festival will feature authors who write in a wide variety of genres, including Fiction & Fantasy, History & Biography, Mysteries

& Thrillers, Poetry, Home & Family, Children, and Teens & Children. The Pavilion of the States represents reading programs and literary events in all fifty states, the District of Columbia, and the U.S. trusts and territories. The popular Let’s Read America Pavilion will offer reading activities that are fun for the whole family.

Festival-goers may bring books, or buy them at the festival, for authors to sign. Children can meet some of their favorite storybook and television characters, who will appear on the festival grounds throughout the day.

The 2006 National Book Festival will be made possible through the continuing generous support of private sector sponsors including John and Teresa Amend of The Amend Group, Marshall and Dee Ann Payne, and the James Madison Council.

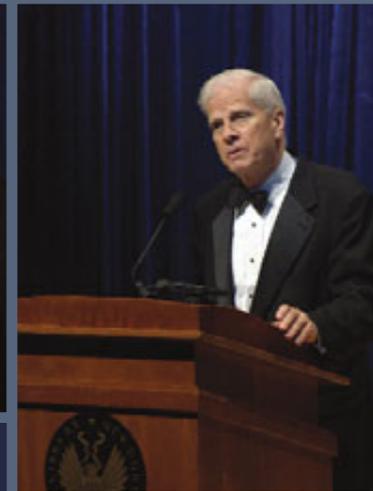
2005 National Book Festival Gala



| Sue Monk Kidd and Tom Wolfe



| All captions from top down:
Mrs. Bush and Marie Smith
Teresa Amend, Mrs. Bush, and
John Amend



| Mrs. Bush and
Dr. and Mrs. Billington
Dr. Billington

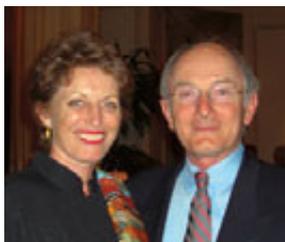


Kerbey Clark, Mrs. Bush, and Ed Cox
Jamey and Judy Clement with Dr. Billington

Mrs. Bush
Suzanne Hogan and Buzz Aldrin
Don Scott, Mrs. Bush, and Betty Scott

Linda Sue Park and
David McCullough
Jo Ann Jenkins, Mrs. Bush,
and Frank Jenkins
Teresa Amend

A Warm Welcome to New Members



Francois J. Castaing was named chairman of The New Detroit Science Center Board of Trustees in 1998.

Under his leadership, a \$30 million capital campaign for the expansion and renovation

of the Detroit Science Center was launched. The New Detroit Science Center opened its doors in July of 2001. To date more than 1.5 million people, half of them children, have visited The New Detroit Science Center to learn more about the wonders of science, engineering, and technology in an entertaining environment.

He is a 27-year veteran automotive executive with Renault, American Motors, and Chrysler. He is an engineer graduate from Ecole Nationale Superieure des Arts et Metiers in Paris. He started his career in motors sport where he rose to the position of Renault Sport Technical Director. He and his family moved to Detroit in 1980 to facilitate the new union between American Motors and Renault. When Chrysler acquired American Motors in 1987, he joined Chrysler to become Vice President of Vehicle Engineering, and he pioneered an innovative way of designing and engineering new automobiles. In 1996 he served as executive Vice President for Chrysler International Operations. Beginning in 1998, he served as technical advisor to the chairman until his retirement from Chrysler in 2000.

Francois Castaing has remained close to the automobile industry while promoting science and engineering education. He is a member of the boards of TRW, Amerigon, Durakon Industries, and FIRST. He is also chairman of the board of the University Cultural Center Association, a fellow of the Society of Automotive Engineers, and a member of the United States National Academy of Engineering.

Francois and his wife Marlies reside in Michigan and in Arizona. They are blessed with four daughters, one son-in-law, and two granddaughters.



Aubrey K. McClendon has served as Chairman of the Board, Chief Executive Officer, and Director of Chesapeake Energy Corporation (NYSE: CHK) since he co-founded the company with Tom L. Ward in 1989. Chesapeake Energy Corporation is the second-largest

independent producer of natural gas in the U.S. and the most active driller of new wells in the U.S. Mr. McClendon graduated from Duke University in 1981.



Dee Ann and Marshall Payne have made literacy and library initiatives a key part of their philanthropic efforts over the years. In 2001, they helped sponsor the inaugural National Book Festival of the Library of Congress and have been consistent benefactors of successive festivals since then. The Paynes were also founding sponsors of the Laura Bush Foundation for America's Libraries, where Marshall has served as a member of its Leadership Council. He has recently agreed to co-chair the Foundation's Gulf Coast Library Recovery Initiative to rebuild school libraries devastated by the hurricanes of 2005. They have also been longtime supporters of the Celebration of Reading benefiting the Barbara Bush Foundation for Family Literacy and contribute to their church and to the schools of their three children, Laura, William, and Benton.

Marshall was born and raised in Dallas, Texas. He was a Phi Beta Kappa graduate of Stanford University in 1979 and received his MBA from Harvard University in 1983. He then returned to Dallas to begin a career in private equity, first as a Partner at Cardinal Investment Company, and most recently as Managing Partner of CIC Partners in 2004. He serves on the board of directors of Ace Cash Express (AAE) and several private companies. He also is a member of the Advisory Council of Stanford's School of Humanities and Sciences.

Dee Ann was born and raised in McAllen, Texas. She spent seven years in the University of Texas, earning a BA in History in 1980 and a JD from its Law School in 1983. After practicing law for several years, Dee Ann became Executive Director of the I Have a Dream Foundation of Dallas before officially retiring to take care of her family. Dee Ann and Marshall have been married twenty years.



Margot B. Perot, originally from Pittsburgh, Pennsylvania, attended Goucher College in Baltimore, Maryland. She earned a Bachelor's degree in Sociology and Anthropology. Following college, she taught elementary school. In 1956, she married Ross Perot.

Together, they have five children (one son and four daughters), and fifteen grandchildren. The Perots are members of the Highland Park Presbyterian Church in Dallas, Texas.

Mrs. Perot is an emeritus member and former vice-chair of the National Advisory Board of the Salvation Army. She is a board member and former chairman of the Salvation Army Advisory Board of Dallas County. Her additional civic affiliations include the Salvation Army Women's Auxiliary of Dallas County, Junior League of Dallas, the Dallas Museum of Art, and The Hockaday School.

David M. Rubenstein is a Co-Founder and Managing Director of The Carlyle Group, one of the world's largest private equity firms. Mr. Rubenstein co-founded the firm in 1987. Since then, Carlyle has grown into a firm managing more than \$35 billion from 24 offices around the world.

Mr. Rubenstein, a native of Baltimore, is a 1970 magna cum laude graduate of Duke, where he was elected Phi Beta Kappa. Following Duke, Mr. Rubenstein graduated in



1973 from The University of Chicago Law School, where he was an editor of the Law Review.

From 1973–75, Mr. Rubenstein practiced law in New York with Paul, Weiss, Rifkind, Wharton & Garrison. From 1975–76 he served as Chief

Counsel to the U.S. Senate Judiciary Committee's Subcommittee on Constitutional Amendments. From 1977–1981, during the Carter Administration, Mr. Rubenstein was Deputy Assistant to the President for Domestic Policy. After his White House service and before co-founding Carlyle, Mr. Rubenstein practiced law in Washington with Shaw, Pittman, Potts & Trowbridge (now Pillsbury, Winthrop, Shaw Pittman).

Mr. Rubenstein is on the Board of Directors or Trustees of Duke University, Johns Hopkins University, the Lincoln Center for the Performing Arts (Vice Chairman), the Kennedy Center for the Performing Arts, the Memorial Sloan-Kettering Cancer Center, the Council on Foreign Relations, the Institute for Advanced Study, the Cold Spring Harbor Laboratory, the Center for Strategic and International Studies, the American Academy in Berlin, the Institute for International Economics, Freedom House, and the Dance Theatre of Harlem.

Mr. Rubenstein is also a member of the Visiting Committee of the Kennedy School of Government at Harvard, the Dean's Council at the Woodrow Wilson School at Princeton, the Advisory Board of the Stanford Institute for Economic Policy Research, the Trustees' Council of the National Gallery of Art, the Madison Council of the Library of Congress, the Council of the National Trust for Historic Preservation, the Trilateral Commission, and the National Advisory Committee of J.P. Morgan Chase.



In Memoriam

Alan M. Voorhees, prominent transportation engineer and city planner whose work helped give rise to the Interstate Highway System in the United States, died on December

18, 2005, in Richmond, Virginia. He had just celebrated his 83rd birthday and died at the Berkeley Hotel, which he owned and built.

Voorhees leaves behind a significant legacy as a decorated war veteran, urban pioneer, prominent business leader, and friend to the Library of Congress. While involved with the Library, he generously supported the work of the James Madison Council and had a particular fondness for the Library's Geography and Map Division. Voorhees was instrumental in the formation of the Library of Congress's Center for Geographic Information. An ardent collector of historical maps, Voorhees amassed over 300 specific to the history and development of Virginia.

Dr. Billington described Voorhees as, "an upbeat and joyful companion on the Madison Council trips abroad, and his vast knowledge and experience was a continued wellspring of good advice and friendly support to many of us in the Library. He was a remarkable man and a great friend."

Voorhees was a distant relative of Indiana Sen. Daniel W. Voorhees [1827–1897], who, along with Sen. Justin S. Morrill [1810–1898] of Vermont, successfully steered the needed legislation through Congress that made construction of the Thomas Jefferson Building possible.

In 2000, Voorhees and his wife Nathalie received the Philanthropy Award from the Library of Virginia Foundation for their generous contributions of historical documents and efforts to make these and other resources available to the public.

Voorhees attended schools in Highland Park, New Jersey, and began his college education at Rensselaer Polytechnic Institute in Troy, New York. During World War II, he suspended his education to serve in the Pacific Theatre as a member of the elite Underwater Demolition Team 11 (UDT-11), a predecessor to today's Navy SEALs. He received the Silver Star for

the invasion of Okinawa and the Bronze Star for the invasion of Balikpapan.

After the war he continued his education, earning a Civil Engineering degree from Rensselaer Polytechnic Institute and a Master's degree in City Planning from M.I.T in 1948. He started his career as the first City Planning Engineer for the City of Colorado Springs and came to Washington, D.C., as a planning engineer in 1952 for the non-profit Automotive Safety Foundation.

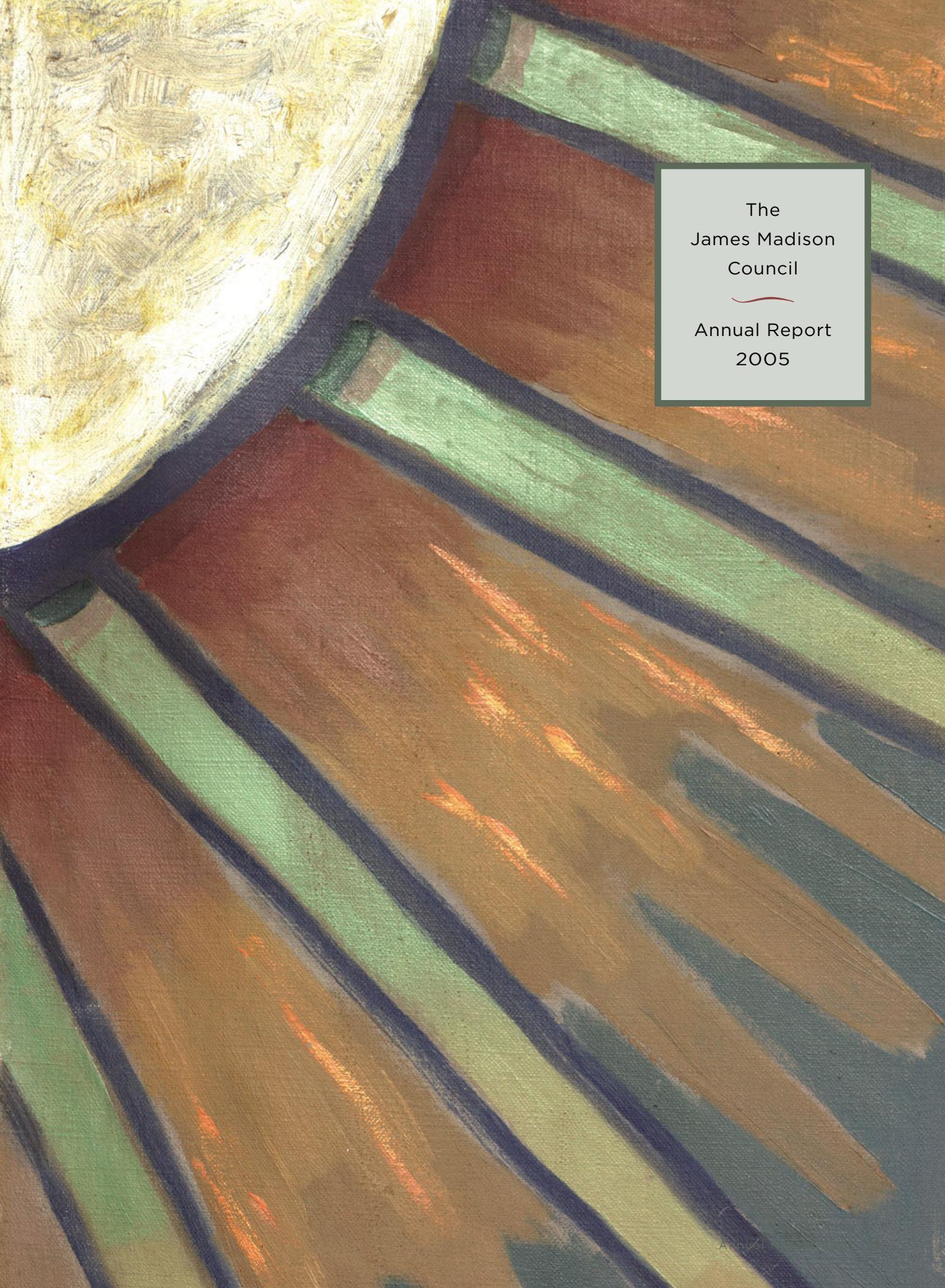
In 1961, Voorhees founded the transportation consulting firm of Alan M. Voorhees & Associates, Inc., which eventually grew to include several offices in the United States and abroad. During the 1960s and 1970s, through his leadership and vision, Voorhees' companies participated in the planning of several major metropolitan subway systems built in the U.S. including Washington, D.C., and Atlanta. He became Chairman of two high-tech firms dealing with security in the Washington area, Autometric and Ideas. He was also a member of the board of MICROS Systems, a company which was later acquired by Westinghouse.

One of Voorhees' most significant engineering contributions was a mathematical model that could predict the ebb and flow of highway traffic. His model helped make possible the design and construction of the U.S. Interstate system and has been instrumental in transportation projects worldwide.

In addition to his business success, Voorhees served as Dean of the College of Architecture, Art and Urban Sciences at the University of Illinois at Chicago. He also served as President of the American Institute of Planners, and Chairman of Transportation Research Board, the largest unit of the National Academies. In 1998 he was honored by Rutgers University with the establishment of the Alan M. Voorhees Transportation Center (VTC). VTC is a national leader in the research and development of innovative transportation policy.

Voorhees was a member of the steering committee of Jamestown 2007, a group planning the 400th anniversary of the settlement of Jamestown. He also served on several boards devoted to Virginia history.

His wife of 51 years, Nathalie P. Voorhees, died in 2000. He is survived by two daughters, Susan V. Hunt of McLean, Virginia, and Nancy Voorhees of Bethesda, Maryland; one son, Scott Voorhees of London, England; two brothers; and six grandchildren.



The
James Madison
Council



Annual Report
2005

Founding Membership

CHAIRMAN

Mr. Edwin L. Cox *

Edwin L. Cox Company
Dallas, TX

TREASURER

The Honorable Leonard L. Silverstein

Buchanan Ingersoll PC
Washington, DC

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Mr. John W. Kluge *

Chairman and President
Metromedia Company
New York, NY

FOUNDING MEMBER EMERITUS

Mr. Robert P. Gwinn

Chairman Emeritus
Encyclopaedia Britannica
Riverside, IL

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Glen Cove, NY

Mr. Paul A. Allaire *

Former Chairman and CEO
Xerox Corporation
Stamford, CT

Mrs. Ruth S. Altshuler

Dallas, TX

Mr. and Mrs. John T. Amend

President & CEO
The Amend Group
Dallas, TX

Mrs. Norma K. Asnes

New York, NY

Mr. and Mrs. Roger S. Baskes

General Partner
ZB Associates
Chicago, IL

Mrs. Barbara Taylor Bradford

Director
Bradford Enterprises
New York, NY

Mrs. William N. Cafritz

Bethesda, MD

Ms. Nancy Cain Marcus

Dallas, TX

Mrs. D. Wayne Calloway

Garden City, NY

Mr. Francois J. Castaing

Consultant
Castaing & Associates, Inc.
Southfield, MI

Mr. James H. Clement, Jr.

Dallas, TX

Mr. Lloyd E. Cotsen

President
Cotsen Management Corporation
Los Angeles, CA

Mr. Peter D. Cummings

Chairman
Ram Development Company
Detroit, MI

Mrs. Charles A. Dana, Jr.

New York, NY

Mrs. Gina H. Despres

Senior Vice President
Capital Research and Management
Company
Washington, DC

Mr. and Mrs. Dick DeVos

Chief Executive Officer
Amway Corporation
Ada, MI

Mrs. Diane Duggin

Malvern, PA

Mr. Charles W. Durham *

Chairman of the Board
Durham Resources LLC
Omaha, NE

Mr. James A. Elkins, Jr.

Houston, TX

Dr. Marjorie M. Fisher

Bloomfield, MI

Mrs. Marjorie S. Fisher

Franklin, MI

Mrs. Richard W. Fisher

Washington, DC

Mr. and Mrs. J. Jeffrey Fox

Annapolis, MD

The Honorable J. Richard Fredericks

San Francisco, CA

Mrs. Gay Hart Gaines

Palm Beach, FL

Mr. John K. Garvey

President and CEO
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Wichita, KS

Mrs. Nancy Glanville Jewell *

Glanville Family Interests
Houston, TX

Mr. Thomas H. Glocer *

Chief Executive Officer
Reuters Group PLC
London, England

Mr. Harry J. Gray

Chairman
Mott Corporation
Farmington, CT

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Mr. Bertram H. Fields

Los Angeles, CA

Mr. Stein Erik Hagen

Canica AS
Oslo, Norway

Mrs. Sally Harris

New York, NY

Mr. John S. Hendricks *

Chairman and CEO
Discovery Communications, Inc.
Silver Spring, MD

Mr. Leo Hindery, Jr. *

Chairman
HL Capital, Inc.
New York, NY

Mr. and Mrs. John G. Hoeschler

St. Paul, MN

Ms. Caroline Rose Hunt

The Rosewood Corporation
Dallas, TX

Mr. Glenn R. Jones *

Chief Executive Officer
Jones International, Ltd.
Englewood, CO

Mr. Jerral W. Jones *

Owner and General Manager
Dallas Cowboys Football Club
Irving, TX

Mrs. Earle M. Jorgensen
Los Angeles, CA

Mrs. Charlotte P. Kessler
New Albany, OH

Mr. James V. Kimsey
Founding CEO & Chairman Emeritus
America Online, Inc.
Washington, DC

Mr. Jay I. Kislak *
Chairman
J. I. Kislak, Inc.
Miami, FL

Mr. David H. Koch
Executive Vice President
Koch Industries, Inc.
New York, NY

Mr. H. Fred Krimendahl II
Chairman
Petrus Partners Ltd.
New York, NY

Mr. Sidney Lapidus
Partner
Warburg Pincus, LLC
New York, NY

Mr. Bruce Lauritzen
President
First National Bank of Omaha
Omaha, NE

Mr. H. F. Lenfest *
President & CEO
The Lenfest Group
West Conshohocken, PA

Mr. and Mrs. Irvin L. Levy
President
NCH Corporation
Irving, TX

Mr. Ira A. Lipman
Owner and CEO
Guardsmark
New York, NY

Mr. Jon B. Lovelace *
Ecalevol, Inc.
Santa Barbara, CA

Mr. Thomas Luce III
Of Counsel
Hughes & Luce
Midlothian, TX

Mr. Cary M. Maguire *
President
Maguire Oil Company
Dallas, TX

Mr. and Mrs. Thomas B. Martin
Leawood, KS

Mr. Aubrey K. McClendon
Chairman, CEO, and Director
Chesapeake Energy Corporation
Oklahoma City, OK

Mr. John J. Medveckis
Partner and Director
Cooke & Bieler, Inc.
Philadelphia, PA

Mr. and Mrs. Edward S. Miller
Washington, DC

Mr. Raymond D. Nasher
Chairman of the Board
The Nasher Company
Dallas, TX

Mr. Donald E. Newhouse
President
Advance Publications, Inc.
Newark, NJ

Mr. Arthur Ortenberg
New York, NY

Mr. Marshall B. Payne
Managing Partner
CIC Partners L.P.
Dallas, TX

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Salisbury, MD

Mrs. Margot Perot
Dallas, TX

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New York, NY

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Co-Owner
Phillips Seafoods and Restaurants
Ocean City, MD

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Chairman
F. H. Prince and Company
Washington, DC

Mr. Bernard Rapoport
Chairman Emeritus and Founder
American Income Life Insurance Company
Waco, TX

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Chairman and CEO
Catherine B. Reynolds Foundation
McLean, VA

Mr. and Mrs. Elihu Rose
Partner
Rose Associates, Inc.
New York, NY

Mr. David M. Rubenstein
Managing Director
Carlyle Group
Washington, DC

Lady Susie Sainsbury of Turville
London, England

Mr. B. Francis Saul II
Chairman and CEO
Chevy Chase Bank, F.S.B.
Bethesda, MD

Mr. Walter Scott, Jr. *
Chairman
Level 3 Communications, Inc.
Omaha, NE

Mr. L. Dennis Shapiro
Chairman
Lifeline Systems, Inc.
Chestnut Hill, MA

Mr. Raja W. Sidawi *
CEO/Owner
RWS Energy Services, Inc.
New York, NY

Mr. Albert H. Small
President
Southern Engineering Corporation
Bethesda, MD

Mrs. Elizabeth W. Smith
New York, NY

Mr. Frederick W. Smith *
Chairman and CEO
Federal Express Corporation
Memphis, TN

Mr. Henry J. Smith
President
Bud Smith Organization
Dallas, TX

Mrs. Marie F. Smith *
President
AARP
Washington, DC

Mr. Raymond W. Smith *
Verizon Ventures
Arlington, VA

Mr. John A. Thain
Chief Executive Officer
New York Stock Exchange, Inc.
New York, NY

Ms. Thorunn Wathne
Wathne Ltd. - Polo Handbag
New York, NY

Ms. Joan M. Wegner
Oak Brook, IL

Mrs. Beatrice W. Welters
President
An-Bryce Foundation
Vienna, VA

The Honorable John C. Whitehead
New York, NY

Ms. Diane R. Wolf
New York, NY

Mr. Michael B. Yanney
Chairman
America First Companies
Omaha, NE

* Names of Jeffersonians, Madison Council members who have given \$1 million or more

2006 Financial Statements

STATEMENT OF FINANCIAL POSITION James Madison National Council Fund September 30, 2005

ASSETS	
Cash	\$ 31,803
Investments: (Note 2)	
U.S. Treasury Market Based Securities	3,446,203
Growth and Income Pool	727,990
Total investments	<u>4,174,193</u>
Receivables:	
Pledges (Note 3)	1,243,457
Accrued interest	8,582
Accounts	30
Total receivables	<u>1,252,069</u>
Total assets	<u><u>\$ 5,458,065</u></u>
LIABILITIES AND NET ASSETS	
Accounts payable	\$ 32,763
Accrued payroll and annual leave	87,171
Total liabilities	<u>119,935</u>
Net assets (Note 4)	
Unrestricted-Undesignated	2,956,788
Unrestricted-Council designated for projects	165,749
Temporarily donor restricted for projects	<u>2,215,593</u>
Total net assets	<u>5,338,130</u>
Total liabilities and net assets	<u><u>\$ 5,458,065</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

James Madison National Council Fund

For the Fiscal Year Ended September 30, 2005

CHANGES IN UNRESTRICTED NET ASSETS

Revenues

Membership contributions	\$ 1,007,504
Miscellaneous gifts	39,050
Temporarily restricted donations	61,000
Interest	97,548
Net unrealized gain and realized gain on investments (Note 2)	82,458
Imputed financing for cost subsidies (Note 5)	27,994
Royalties	578
Net assets released from restrictions	<u>1,236,888</u>
Total revenues	<u>2,553,020</u>

Expenses (see Schedule B)

Personnel costs	712,457
Travel and transportation and subsistence/support persons	91,069
Other services	122,980
Books and library materials	830,450
Exhibit opening events, receptions, and Madison Council meetings	137,505
Professional and consultant services	248,050
Office supplies and materials	9,517
Printing, publishing, and photoduplicating	<u>35,353</u>
Total expenses	<u>2,187,381</u>

Other changes

Transfer to other funds (Note 8)	<u>0</u>
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Increase in unrestricted net assets 365,639

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Contributions	(85,586)
Net assets released from restrictions	<u>(1,236,888)</u>
Decrease in temporarily restricted net assets	<u>(1,322,474)</u>
Decrease in net assets	<u>(956,835)</u>
Net assets at beginning of year	<u>6,294,965</u>
Net assets at end of year	<u>\$ 5,338,130</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

James Madison National Council Fund

For the Fiscal Year Ended September 30, 2005

Cash flows from operating activities:

Donations Received	\$ 1,582,266
Interest Received	91,266
Cash paid to others	(1,464,527)
Cash paid to employees	<u>(648,673)</u>
Net cash provided by operating activities	<u>\$ (439,668)</u>

Cash flows from investing activities:

Investment in U.S. Treasury Market Based Securities	\$ (2,361,379)
Investment in U.S. Treasury Permanent Loan	0
Redemption of Investment in U.S. Treasury Market Based Securities	2,788,589
Redemption of Investment in U.S. Treasury Permanent Loan	<u>0</u>
Net cash used by investing activities	<u>\$ 427,210</u>

Net Decrease in Cash (12,458)

Cash at beginning of year 44,261

Cash at end of year \$ 31,803

Reconciliation of Changes in Net Assets to Net Cash From Operating Activities

Change in Net Assets \$ (956,836)

Adjustments to reconcile changes in net assets to net cash provided from operating activities

Non-cash gain on mutual fund investments	(82,458)
Decrease in investment discount	(8,464)
Decrease in pledges receivable	559,718
Decrease in accrued interest receivables	2,183
Increase in accrued payroll and annual leave	35,790
Decrease in accounts receivable	17,793
Decrease in accounts payable	<u>(7,394)</u>
Total Adjustments	<u>517,168</u>

Net Cash from Operating Activities \$ (439,668)

These financial statements should be read only in connection with the accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
James Madison National Council Fund
September 30, 2005

NOTE 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Description of Fund

The James Madison National Council Fund (JMNC Fund) was initiated by the Librarian of Congress, accepted through a poll vote by the Library of Congress Trust Fund Board in July 1989 and reaffirmed October 7, 1989. A gift of \$100,000 from Robert Gwinn, Chairman of the Board of Encyclopedia Britannica, established the Fund. The JMNC Fund is reported in the Library of Congress gift and trust funds.

The James Madison National Council is an advisory board of business people and philanthropists that contribute ideas, expertise, and financial backing to support the Library's collections and programs. The Council is open to persons from the private sector interested in advancing the Library's outreach mission. There are 94 members of the Council.

Significant accounting policies followed by the JMNC Fund are presented below.

B. Basis of Accounting and Presentation

The Fund's financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles.

The Fund adopted financial reporting standards applicable to not-for-profit organizations. The financial statements are prepared in accordance with Financial Accounting Standards No. 117, and recognizes net assets based on the existence of applicable restrictions limiting their use.

Temporarily restricted net assets result from donor-imposed restrictions that permit the Fund to use or expend the assets after the restriction has been satisfied. When a donor-imposed restriction is satisfied, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Unrestricted net assets result from the receipt of unrestricted contributions, the expiration of donor-imposed restrictions on contributions, and changes in other assets and liabilities. These assets are available to the Fund for use in support of current and future operations. The Library of Congress provides support services to the James Madison National Council. The cost of these services are, by their nature, indirect, difficult to quantify, and financed with appropriated funds of the Library. To the extent that these services are provided, they are not considered operating expenses of the James Madison National Council.

C. Use of Estimates

The preparation of the Fund's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

D. Contributions and Revenue Recognition

The Fund records as contribution revenue amounts received in the form of cash, promises or pledges to give. Unconditional promises or pledges to give are recognized as a contribution receivable. Multi-year pledges or promises due over a period of time are discounted to their present value, based upon prevailing interest rates, and recognized in the period of initial pledge.

E. Income Tax

The JMNC Fund operates for the benefit of the Library of Congress which is an instrument of the United States and, as such, is not subject to income tax.

F. Investment Policy

The Library of Congress Trust Fund Board determines the investment policy for the Library's trust funds. The policy provides three options for investment of the JMNC Fund funds:

- a permanent loan with the U.S. Treasury
- a pool of U.S. Treasury market-based securities
- a private investment pool consisting of five stock funds and one money market fund. The funds recommended by the Library of Congress Trust Fund Board's investment committee and approved by the Board are:
 - Vanguard Money Market Prime Fund
 - Vanguard Institutional Index Fund
 - Vanguard Capital Opportunity Fund
 - Fidelity Blue Chip Growth Fund
 - Fidelity Capitol Appreciation Fund
 - Fidelity Growth Company Fund
 - Fidelity Dividend Growth Fund

Investments in U.S. market-based securities are stated at cost net of any unamortized premium or discount, which approximates market value at September 30, 2005. The permanent loan is an interest bearing par value investment which equals the market value. Stock and money market mutual funds are stated at current market value.

NOTE 2. INVESTMENTS

A. U. S. Treasury

An act of Congress approved March 3, 1925, and subsequently amended, permits up to \$10 million of trust funds to be invested with the United States Treasury as a perpetual loan, at a floating interest rate, adjusted monthly, but no less than four percent per annum. Other investments with U.S. Treasury were as follows:

Investment	Non-Marketable, Market Based Government Securities
Par	\$3,462,160
Unamortized Premium	\$ 505
Unamortized Discount	\$ (16,462)
Amortized Cost	\$3,446,203

B. Mutual Funds

The JMNC Fund invested \$500,000 in the growth and income pool (non-Treasury mutual fund investments) in 1996. Market value of the growth and income pool as of September 30, 2005, totaled \$727,990.

The net gain on investments of \$82,458 consists of the following: \$12,580 realized gain of mutual fund capital gains distributions; \$171 realized gain of money market dividends, and \$69,707 unrealized gain on the growth and income pool.

NOTE 3. PLEDGES

Contributions of unconditional promises to give (pledges) to the JMNC Fund are recognized as temporarily restricted revenue in the period received. They are recorded at their present value using a market discount rate. Accretion of the discount in subsequent years is also recorded as contribution revenue. Outstanding pledges of \$1,645,002 at September 30, 2005, were discounted through fiscal 2016 at a market discount rate and are included in the statement of financial position at their discounted present value of \$1,243,457. The amounts due in future years at their current discounted value are: \$605,621 in fiscal 2006; \$13,836 in fiscal 2007; \$624,000 in fiscal 2016.

NOTE 4. NET ASSETS

The JMNC Net Assets of \$5,338,130 are classified as Unrestricted-Undesignated, Unrestricted-Council Designated for Projects or Temporarily Donor Restricted for Projects. Of this total amount, \$2,956,788 is classified as Unrestricted-Undesignated. The balance of \$2,381,342 consisting of

\$165,749 (Unrestricted-Council Designated for Projects) and \$2,215,593 (Temporarily Donor Restricted for Projects) is earmarked for initiatives such as the rebuilding of Jefferson's library, the support of the permanent treasures exhibition, purchase of overseas rare publications, international digitization of the Library's collections, and an amount that is restricted to be used at the discretion of the Librarian of Congress for projects that arise that do not have funding or the time horizon to raise money for the project.

Ending Net Assets includes undelivered orders of \$278,095 which are funds that have been obligated for goods and services not yet received for JMNC Fund operations and designated projects.

NOTE 5. IMPUTED FINANCING FOR COST SUBSIDIES

An adjustment of \$27,994 was recorded as an imputed financing source and a corresponding expense in the accompanying financial statements. This adjustment recognizes the full cost of pensions and other health and life insurance benefits during the employees' active years of service.

NOTE 6. EXPENSES BY FUNCTIONAL CLASSIFICATION

As permitted by SFAS No. 117, the Library has elected to present its operating expenses by natural classification in its Statements of Activities for the period ending September 30, 2005. The functional breakdown of these expenses is as follows (see Schedule B):

Fiscal Year 2005 Expenses by Functional Classification	Amount
JMNC Fund Projects and Programs	\$ 16,627
Members' Specific Projects	1,236,888
Supporting Activities — Fundraising	933,866
Total Expenses	<u>\$ 2,187,381</u>

NOTE 7 - RETIREMENT PLANS

Employees of JMNC Fund participate in two different retirement plans. Civil Service employees participate in the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). FERS is the system in effect for most employees hired after December 31, 1983.

In fiscal 2005, the JMNC Fund paid approximately \$53,895 to fund retirement benefits, excluding FICA taxes.

This information is an integral part of the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT



Certified Public Accountants
and Consultants

To the Steering Committee
James Madison National Council Fund

We have audited the accompanying statement of financial position of the James Madison National Council Fund (the Fund) as of September 30, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

SUMMARY

As stated in our opinion on the financial statements, we concluded that the Fund's financial statements for the year ended September 30, 2005 are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Our consideration of internal control over financial reporting disclosed no material weaknesses. However, since the Library of Congress (the Library) processes all of the Fund's financial transactions, any Library systemic reportable conditions are applicable to the subsidiary Funds. We identified the following reportable conditions in our audit of the Library: (1) Weakness in General Support System (GSS) Controls, and (2) an Entity-Wide Security Program was not implemented.

The results of our tests of compliance with certain provisions of laws and regulations disclosed an instance of noncompliance, described below, that is required to be reported herein under *Government Auditing Standards* issued by the Comptroller General of the United States:

- Noncompliance with Congressional Accountability Act of 1995.

The results of our tests disclosed no other instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The following sections discuss our opinion on the Fund's financial statements, our consideration of the Fund's internal control over financial reporting, our tests of the Fund's compliance with certain provisions of applicable laws and regulations, and management's and our responsibilities.

OPINION ON FINANCIAL STATEMENTS

We have audited the accompanying statement of financial position of the Fund as of September 30, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis,

evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of September 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying

supplemental information contained in Schedules A and B is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Fund's internal control over financial reporting by obtaining an understanding of the Fund's internal control, determined whether internal controls had been placed in operation, assessed control risk, and performed tests of controls in order to determine our auditing procedures for the purpose of



OFFICE OF THE INSPECTOR GENERAL

To the Steering Committee
James Madison National Council Fund

March 2, 2006

We contracted with the independent public accounting firm of Kearney & Company to audit the Fund's financial statements. The firm is responsible for the attached auditor's report and the opinion and conclusions expressed in that report.

We reviewed Kearney & Company's report and related documentation. Our review was not intended to enable us to express, and we do not express, an opinion on the Fund's financial statements, conclusions on internal control, or compliance with laws and regulations. Our review disclosed no instances in which Kearney & Company did not materially comply with U.S. generally accepted government auditing standards.

Karl W. Schornagel
Inspector General

expressing an opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in Office of Management and Budget (OMB) Bulletin No. 01-02. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*, such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide assurance on internal control. Consequently, we do not provide an opinion on internal control.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Fund's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in internal controls, misstatements, losses, or non-compliance may nevertheless occur and not be detected. We noted certain matters discussed in the following paragraphs involving internal control and its operations that we consider to be reportable conditions. However, none of the reportable conditions is believed to be a material weakness.

The Fund is a component of the Library's consolidated financial statements. We identified two reportable conditions in performing our audit of the Library's financial statements for the year ended September 30, 2005. The findings related to Information Technology (IT) and its role in financial transactions. The Library processes all of the Fund's financial transactions. Therefore, the weaknesses which we identified in the Library's financial audit also affected the Funds' internal control structure. The reportable conditions are as follows:

- We identified significant control weaknesses in the Library's GSS in prior financial audits which affected the availability, integrity, and confidentiality of all applications and data residing in the processing environment. Effective October 1, 2004, the Library implemented Momentum, a web based financial management system (FMS). Inherent in the FMS is a workflow process in which document images are maintained and approvals occur within the system. The time and attendance system also incorporated an online approval process. Because of the impact of the GSS security weakness, we could not rely on the online approvals and other application controls in the old environment.

In order to address the significant control concerns, the Library Information Technology Services (ITS) developed the Financial Hosting Environment (FHE) to maintain only certified and accredited GSS and applications, including the financial applications to ensure that access to financial

data and applications was effectively restricted. ITS completed the FHE in late June 2005. While the FHE has appropriate risk assessments, security plans, and security testing and evaluations, it was in place for only three months, and we could not rely on FHE controls.

- The Library has not implemented an Entity-Wide Security Program in compliance with Library of Congress Regulation 1620 (LCR 1620). While the Library has developed a plan and strategy for an Entity-Wide Security Program (dated July 2005), the program has not been implemented entity-wide. As of January 2006, the Library has established a more comprehensive Entity-Wide Security Program. We recommend that the Library continue its efforts to implement, enforce, and monitor compliance with LCR 1620 and related directives across all systems, specifically those outside of the FHE.

COMPLIANCE AND OTHER MATTERS

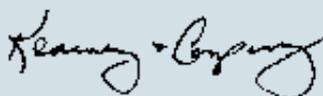
The management of the Fund is responsible for complying with laws and regulations applicable to the Fund. As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement; we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and certain other laws and regulations specified in OMB Bulletin 01-02. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the Fund.

The results of our tests of compliance with the laws and regulations described in the preceding paragraph disclosed an instance of noncompliance, described below, with the following laws and regulations that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 01-02.

- The Fund was not in compliance with the Congressional Accountability Act (CAA) of 1995. In the CAA, Congress made its facilities and employees subject to the same safety laws that applied outside the Legislative Branch. In 1997, other provisions of the CAA applied fire safety standards to Congressional buildings. The Office of Compliance conducted a year-long fire safety investigation that culminated in a report issued in January 2001 that identified numerous safety hazards in the three Capitol Hill buildings utilized by the Fund.

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

This report is intended solely for the information and use of the Steering Committee, management, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.



January 31, 2006
Alexandria, VA

SUPPLEMENTAL INFORMATION
James Madison National Council Fund

SCHEDULE A

Schedule of Net Assets Available for Designation

Total Net Assets	5,338,130
Net assets restricted by donors for projects	(2,215,593)
Net assets designated by the Council for projects	(165,749)
Total restricted or designated net assets	(2,381,342)
Net Assets Available for Designation	<u>5,338,130</u>

SCHEDULE B

Schedule of Expenditures

	Fund Projects and Programs	Members' Specific Projects	Supporting Activities— Fundraising	Total
Personnel costs	\$ (24)	\$ 100,070	\$ 612,411	\$ 712,457
Travel and transportation and subsistence/support persons	0	587	90,482	91,069
Other services	1	36,885	86,094	122,980
Books and library materials	0	830,450	0	830,450
Exhibit Opening Events, Receptions, and Madison Council Meetings	9,225	46,325	81,955	137,505
Professional and consultant services	7,425	222,571	18,054	248,050
Office supplies and materials	0	0	9,517	9,517
Printing, publishing, and photoduplicating	0	0	35,353	35,353
Totals	<u>\$ 16,627</u>	<u>\$ 1,236,888</u>	<u>\$ 933,866</u>	<u>\$ 2,187,381</u>



The James Madison Council
of the Library of Congress
Washington, DC 20540